



# HOLDINGS (S) LTD

Registration No.: 199304349M

Financial Statement for the First Quarter and Three months Ended 31 March 2014

## PART I – INFORMATION REQUIRED FOR ANNOUNCEMENTS OF QUARTERLY (Q1, Q2 & Q3), HALF-YEAR AND FULL YEAR RESULTS

1(a) An income statement with a consolidated statement of comprehensive income for the Group together with a comparative statement for the corresponding period of the immediate preceding financial year.

	First quarter ended 31 Mar		
	2014 S\$'000	2013 S\$'000	Change %
<b><u>INCOME STATEMENT</u></b>			
<b>Revenue</b>	142,814	78,202	82.6
<b>Cost of sales</b>	(131,480)	(70,959)	85.3
<b>Gross profit</b>	11,334	7,243	56.5
Other operating income	783	496	57.9
Other income	4	161	(97.5)
Administrative costs	(2,100)	(1,519)	38.2
Other operating costs	(3,923)	(3,684)	6.5
Finance costs	(95)	(60)	58.3
Share of results of associates	110	(47)	N.M.
<b>Profit before taxation</b>	6,113	2,590	136.0
Income tax expense	(940)	(454)	107.0
<b>Profit for the period</b>	5,173	2,136	142.2
<b>Attributable to:</b>			
Equity holders of the Company	5,042	2,059	144.9
Non-controlling interests	131	77	70.1
	5,173	2,136	142.2
N.M. - Not meaningful			

## STATEMENT OF COMPREHENSIVE INCOME

Profit for the period
Other comprehensive income:
Foreign currency translation differences
Other comprehensive income for the period
<b>Total comprehensive income for the period</b>

### Total comprehensive income attributable to:

Owners of the parent
Non-controlling interests

First quarter ended 31 March		
2014	2013	Change
S\$'000	S\$'000	%
5,173	2,136	142.2
8	(174)	N.M.
8	(174)	N.M.
<b>5,181</b>	<b>1,962</b>	164.1
5,047	1,887	167.5
134	75	78.7
<b>5,181</b>	<b>1,962</b>	164.1

## NOTES TO INCOME STATEMENT

The following items have been included in arriving at profit for the period:

Depreciation of property, plant and equipment
Foreign exchange gain, net
Gain on disposal of property, plant and equipment
Interest expense
Interest income
(Write-back of allowance)/allowance for doubtful receivables, net
Bad debts recovered
Share based compensation expense
Overprovision of income tax in respect of previous years

1,507	1,117	34.9
(4)	(161)	(97.5)
(92)	-	N.M.
95	60	58.3
(21)	(55)	(61.8)
(277)	35	N.M.
(1)	-	N.M.
91	54	68.5
(33)	-	N.M.

N.M. - Not meaningful

**1(b)(i) A statement of financial position (for the issuer and Group) together with a comparative statement as at the end of the immediately preceding financial year.**

	Group		Company	
	31-Mar-14 S\$'000	31-Dec-13 S\$'000	31-Mar-14 S\$'000	31-Dec-13 S\$'000
<b>Non-current assets</b>				
Property, plant and equipment	28,144	28,152	8,253	8,576
Intangible assets	119	119	-	-
Investments in subsidiaries	-	-	53,695	53,695
Investments in associates	9,127	9,166	260	92
Investment in a joint venture	-	-	-	-
Deferred tax assets	1,318	1,318	-	-
Trade receivables	14,565	11,580	-	-
Loans to an associate	31,435	31,286	-	-
<b>Current assets</b>				
Amounts due from subsidiaries	-	-	16,885	18,685
Development properties	71,145	71,101	-	-
Gross amount due from customers for work-in-progress	40,107	42,882	-	-
Inventories	3,045	3,242	-	-
Trade receivables	89,529	84,771	-	-
Other receivables	3,162	3,633	206	610
Tax recoverable	69	1,388	-	27
Pledged deposits	3,555	3,552	-	-
Cash and cash equivalents	24,570	20,192	2,784	804
	235,182	230,761	19,875	20,126
<b>Current liabilities</b>				
Amounts due to subsidiaries	-	-	9,782	10,287
Gross amount due to customers for work-in-progress	29,617	25,274	-	-
Trade and other payables	80,969	82,776	145	89
Other liabilities	7,908	5,911	2,386	2,236
Loans and borrowings	45,459	50,868	1,640	1,640
Income tax payable	4,020	3,010	57	46
	167,973	167,839	14,010	14,298
<b>Net current assets</b>	<b>67,209</b>	<b>62,922</b>	<b>5,865</b>	<b>5,828</b>
<b>Non-current liabilities</b>				
Trade payables	11,421	9,494	-	-
Deferred tax liabilities	2,557	2,557	-	-
Loans and borrowings	5,185	5,010	2,870	3,280
	<b>19,163</b>	<b>17,061</b>	<b>2,870</b>	<b>3,280</b>
<b>Equity attributable to equity holders of the Company</b>				
Share capital	43,967	43,967	43,967	43,967
Treasury shares	(450)	(450)	(450)	(450)
Share plan reserves	263	172	263	172
Retained earnings	87,569	82,527	21,423	21,222
Foreign currency translation reserve	(572)	(577)	-	-
	130,777	125,639	65,203	64,911
Non-controlling interests	1,977	1,843	-	-
<b>Total equity</b>	<b>132,754</b>	<b>127,482</b>	<b>65,203</b>	<b>64,911</b>

**1(b)(ii) Aggregate amount of group's borrowings and debt securities.**

**Amount repayable in one year or less, or on demand**

As at 31/03/2014		As at 31/12/2013	
Secured	Unsecured	Secured	Unsecured
\$45,459,000	-	\$50,868,000	-

**Amount repayable after one year**

As at 31/03/2014		As at 31/12/2013	
Secured	Unsecured	Secured	Unsecured
\$5,185,000	-	\$5,010,000	-

**Details of any collateral**

The secured borrowings repayable within one year and after one year comprise mainly obligations under finance leases, banker's acceptances and property loans. These are secured by charges over the property held for sale at Bliss @Kovan, Singapore, leasehold land and building, plant and equipment, motor vehicles and fixed deposits from a subsidiary.

1(c) A consolidated statement of cash flows, together with a comparative statement for the corresponding period of the immediately preceding financial year.

	First quarter ended 31 Mar	
	2014 S\$'000	2013 S\$'000
<b>Cash flows from operating activities</b>		
Profit before taxation	6,113	2,590
Adjustments for:		
Depreciation of property, plant and equipment	1,507	1,117
(Write-back of allowance)/allowance for doubtful receivables, net	(277)	35
Interest income	(21)	(55)
Interest expense	95	60
Gain on disposal of property, plant and equipment	(92)	-
Bad debts recovered	(1)	-
Share of results of associates	(110)	47
Share based compensation expense	91	54
<b>Operating profit before working capital changes</b>	<b>7,305</b>	<b>3,848</b>
Decrease/(increase) in development properties	143	(1,743)
Decrease in amount due from customers for work-in-progress (net)	7,118	4,685
Increase in trade receivables	(7,465)	(12,633)
Decrease/(increase) in other receivables	471	(548)
Decrease in inventories	197	470
Increase/(decrease) in trade and other payables	936	(33)
Increase in other liabilities	1,997	1,753
<b>Cash from/(used in) operations</b>	<b>10,702</b>	<b>(4,201)</b>
Interest paid	(282)	(280)
Interest received	21	55
Income tax refund/(paid)	1,388	(283)
<b>Net cash from/(used in) operating activities</b>	<b>11,829</b>	<b>(4,709)</b>
<b>Cash flows from investing activities</b>		
Proceeds from disposal of property, plant and equipment	92	-
Purchase of property, plant and equipment (Note A)	(583)	(365)
Dividend income from an associate	168	-
Investment in an associate	(168)	-
<b>Net cash used in investing activities</b>	<b>(491)</b>	<b>(365)</b>
<b>Cash flows from financing activities</b>		
(Repayment of)/proceeds from bank borrowings	(1,523)	2,678
Repayment of long term borrowings	(5,110)	(500)
Repayment of finance leases	(329)	(779)
<b>Net cash (used in)/from financing activities</b>	<b>(6,962)</b>	<b>1,399</b>
Net increase/(decrease) in cash & cash equivalents	4,376	(3,675)
Net effect of exchange rate changes in consolidating subsidiaries	2	(166)
Cash and cash equivalents at beginning of the period	20,192	47,835
<b>Cash and cash equivalents at end of the period</b>	<b>24,570</b>	<b>43,994</b>
<u>Comprising:</u>		
Cash and bank balances	17,620	13,757
Fixed deposits	10,505	33,675
	28,125	47,432
Less: Pledged fixed deposits	(3,555)	(3,438)
	<b>24,570</b>	<b>43,994</b>

1(c) Consolidated statement of cash flows (continued)

Note A

The Group acquired property, plant and equipment through the following arrangements:

Total cost of property, plant and equipment acquired  
 Less: Acquisition costs satisfied by finance lease arrangements  
 Cash payments

First quarter ended 31 Mar	
2014	2013
S\$'000	S\$'000
1,495	400
(912)	(35)
583	365

1(d)(i) A statement (for the issuer and Group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year.

STATEMENT OF CHANGES IN EQUITY

Group

	Attributable to equity holders of the Parent						Total equity S\$'000
	Share capital S\$'000	Treasury shares S\$'000	Retained earnings S\$'000	Foreign currency translation reserve S\$'000	Share plan reserve S\$'000	Non-controlling interests S\$'000	
<b>Balance at 1 January 2014</b>	43,967	(450)	82,527	(577)	172	1,843	127,482
Share-based compensation expense	-	-	-	-	91	-	91
Total comprehensive income for the period	-	-	5,042	5	-	134	5,181
<b>Balance at 31 March 2014</b>	43,967	(450)	87,569	(572)	263	1,977	132,754
<b>Balance at 1 January 2013</b>	43,967	(416)	64,372	(513)	135	1,691	109,236
Share-based compensation expense	-	-	-	-	16	-	16
Total comprehensive income for the period	-	-	2,059	(172)	-	75	1,962
<b>Balance at 31 March 2013</b>	43,967	(416)	66,431	(685)	151	1,766	111,214

Company

	Attributable to equity holders of the Company				
	Share capital S\$'000	Treasury shares S\$'000	Share plan reserve S\$'000	Retained earnings S\$'000	Total equity S\$'000
<b>Balance at 1 January 2014</b>	43,967	(450)	172	21,222	64,911
Share-based compensation expense	-	-	91	-	91
Total comprehensive income for the period	-	-	-	201	201
<b>Balance at 31 March 2014</b>	43,967	(450)	263	21,423	65,203
<b>Balance at 1 January 2013</b>	43,967	(416)	135	18,924	62,610
Share-based compensation expense	-	-	16	-	16
Total comprehensive income for the period	-	-	-	164	164
<b>Balance at 31 March 2013</b>	43,967	(416)	151	19,088	62,790

- 1(d)(ii) Details of any changes in the company's share capital arising from right issue, bonus issue, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State also the number of shares that may be issued on conversion of all the outstanding convertibles as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.**

Share capital

There have been no changes to the issued share capital of the Company since the end of the previous financial year. As at 31 March 2014, the issued share capital of the Company was \$43,967,199 comprising 306,589,418 ordinary shares and 1,621,000 treasury shares.

Treasury shares

The Company did not acquire any ordinary shares of the Company to be held as treasury shares during 1Q14 and 1Q13. The number of treasury shares held as at 31 March 2014 was 1,621,000 (as at 31 March 2013: 1,812,000).

	<u>No. of shares</u>	<u>S\$'000</u>
At 1 January 2014	1,621,000	450
Purchased in 1Q14	-	-
At 31 March 2014	<u>1,621,000</u>	<u>450</u>

Employee performance share plan

As at 31 March 2014, there were 1,410,000 (as at 31 March 2013: 1,280,000) performance shares granted and outstanding (being contingent award) to eligible employees and directors under the BBR Share Plan.

	<u>No. of performance shares</u>
At 1 January 2014	1,410,000
Granted in 1Q14	-
At 31 March 2014	<u>1,410,000</u>

- 1(d)(iii) To show the total number of issued shares excluding treasury shares as at the end of the current financial period and as at the end of the immediately preceding year.**

The total number of issued shares excluding treasury shares as at 31 March 2014 was 306,589,418 (as at 31 December 2013: 306,589,418). The total number of treasury shares held as at 31 March 2014 was 1,621,000 (as at 31 December 2013: 1,621,000).

- 1(d)(iv) A statement showing all sales, transfers, disposal, cancellation and/or use of treasury shares as at the end of the current period reported on.**

Save as disclosed in para 1(d)(ii), there were no sales, transfers, disposal, cancellation and/or use of treasury shares during the three months ended 31 March 2014.

- 2. Whether the figures have been audited or reviewed and in accordance with which auditing standard or practice.**

The figures have not been audited nor reviewed by the auditors.

- 3. Where the figures have been audited or reviewed, the auditors report (including any qualifications or emphasis of matters).**

Not applicable.

**4. Whether the same accounting policies and methods of computation as in the issuer's most recently audited financial statements have been applied.**

The Group has applied the same accounting policies and methods of computation in the financial statements for the current reporting period as those adopted in the most recently audited financial statements for the financial year ended 31 December 2013.

**5. If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change.**

There are no changes in accounting policies and methods of computation.

**6. Earnings per ordinary share of the Group for the current financial period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends.**

	Note	First Quarter Ended 31 March	
		2014 Cents	2013 Cents
Earnings per ordinary share of the Company attributable to shareholders			
(a) Based on the weighted average number of ordinary shares in issue	(1)	1.64	0.67
(b) On a fully diluted basis (detailing any adjustment made to earnings)	(2)	1.64	0.67

**Note**

(1) Weighted average number of shares of 306,589,418 (2013: 306,398,418) takes into account the weighted average effect of changes in treasury shares transactions during the period.

(2)

	First Quarter Ended 31 March	
	2014	2013
Weighted average number of ordinary shares for basic earnings per share computation	306,589,418	306,398,418
Effect of dilution – performance shares	1,410,000	1,280,000
Weighted average number of ordinary shares for diluted earnings per share computation	307,999,418	307,678,418

**7. Net asset value (for the issuer and group) per ordinary share based on issued share capital of the issuer at the end of the:**

**(a) current financial period reported on; and**

**(b) immediately preceding financial year**

	Group		Company	
	31.3.14 Cents	31.12.13 Cents	31.3.14 Cents	31.12.13 Cents
Net asset value per ordinary share based on issued capital at the end of the period	42.66	40.98	21.27	21.17



8. **A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the followings:-**
- (a) any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and**
  - (b) any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on.**

#### Comprehensive Income Statement Review – First quarter 2014 ('1Q14') vs First Quarter 2013 ('1Q13')

Group revenue for 1Q14 rose to \$142.8 million compared to \$78.2 million for 1Q13. Net profit attributable to equity holders of the Company for 1Q14 more than doubled to \$5.0 million from \$2.1 million for the same period last year.

Compared to 1Q13, the higher revenue for 1Q14 was due mainly to increased revenue from the general construction and property development segments, which was partially offset by lower specialised engineering revenue. In the current quarter, most of the group's general construction projects are in their active stage of construction and the increase in property development revenue is attributable to higher stage of completion for the sold units at Bliss@Kovan.

Gross profit for 1Q14 increased by 56.5% to \$11.3 million from \$7.2 million for 1Q13, attributable to strong revenue achieved in the current quarter. However, gross margin for 1Q14 decreased to 7.9% as compared to 9.3% in 1Q13, mainly due to difference in project mix.

Other operating income increased by 57.9% to \$0.8 million in 1Q14 compared to 1Q13, mainly attributable to sale of scrap materials. For 1Q13, other income of \$161,000 comprised mainly foreign exchange gains from SGD denominated loans to a Thailand subsidiary due to the appreciation of the Thai baht to the SGD. No major exchange differences was recorded in 1Q14.

Administrative costs increased to \$2.1 million in 1Q14 from \$1.5 million in 1Q13 due largely to higher depreciation and refurbishment expenses for the group's newly acquired property at Sungei Kadut for warehousing and provision of engineering services. Other operating cost rose by 6.5% to \$3.9 million in 1Q14 from \$3.7 million in 1Q13 due mainly to higher remuneration expense, rental and ancillary expenses for the new property, and partially offset by higher write back of allowance for doubtful receivables in the current quarter.

Finance costs increased to \$95,000 in 1Q14 from \$60,000 in 1Q13, attributable to higher interests expense for short term loans and a term loan to finance the new property at Sungei Kadut.

The Group recorded \$110,000 for its share of profits from associates in 1Q14, compared to a \$47,000 share of loss for the corresponding period mainly due to net operating expenses incurred by Tennessee Pte Ltd in 1Q13.

Income tax expenses for 1Q14 was higher at \$0.9 million against \$0.5 million for 1Q13 due to higher profits recorded in the current quarter.

#### Statement of Financial Position Review

The carrying amount of the Group's property, plant and equipment remained at approximately \$28.1 million as at 31 March 2014 and 31 December 2013 because depreciation charges for the current period was offset by acquisition of plant and equipment.

Development properties stood at \$71.1 million as at 31 March 2014 and 31 December 2013, because increase in ongoing construction costs and progressive profits recognised were offset by progressive collections for work done at Bliss @Kovan.

Total current and non-current trade receivables increased by 8.0% to \$104.1 million as at 31 March 2014 from \$96.4 million as at 31 December 2013 mainly due to increase in value of work progressively completed for general construction projects in their active stage of construction. Total current other receivables and tax recoverable decreased to \$3.2 million as at 31 March 2014 from \$5.0 million as at 31 December 2013 due mainly to refund of input tax for the purchase of property at Sungei Kadut and corporate taxes recovered from the tax authorities.

Cash and cash equivalents, and pledged deposits totalled \$28.1 million as at 31 March 2014, compared to \$23.7 million as at 31 December 2013. The increase of \$4.4 million was mainly contributed by the inflows from operations and partially offset by term loan repayments in the current quarter.

Amount due to customers for work-in-progress (which represents billings in excess of costs and profits) increased to \$29.6 million as at 31 March 2014 from \$25.3 million as at end of 2013. Most of the Group's general construction projects are in their active stage of construction and progressive billings have surpassed construction costs for some projects. Other liabilities were \$7.9 million as at 31 March 2014 against \$5.9 million as at 31 December 2013, attributable to additional provisions for the current quarter.

Total bank loans and borrowings decreased by \$5.2 million to \$50.6 million as at 31 March 2014 due mainly to term loan repayments during the current quarter.

Income tax payable increased by \$1.0 million in 1Q14 to \$4.0 million as at 31 March 2014, being tax provided for profits recorded in 1Q14.

**9. Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results.**

The results reported herein are in line with our previous announcement for financial year 2013.

**10. A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months.**

On 14 April 2014, the Ministry of Trade and Industry announced that based on advance estimates, the Singapore economy grew by 5.1 per cent on a year-on-year basis in the first quarter of 2014, lower than the 5.5 per cent growth in the previous quarter. On a quarter-on-quarter seasonally-adjusted annualised basis, the economy grew by 0.1 per cent, moderating from the 6.1 per cent growth in the preceding quarter. The construction sector grew by 6.5 per cent on a year-on-year basis in the first quarter, an improvement from the 4.8 per cent growth recorded in the preceding quarter. On a quarter-on-quarter basis, the sector expanded at an annualised rate of 10.7 per cent, an improvement from the 1.4 per cent growth in the previous quarter. The growth was primarily due to stronger expansion in public sector construction activities.

The industry outlook remains challenging in the next 12 months with increasing competition and anticipated increase in labour cost due to short supply of foreign workers. The Group will continue to focus on its core business by leveraging its strong track record in building construction and civil engineering to secure more projects as well as enhancing cost effectiveness and efficiency optimisation in the management of on-going projects. BBR will also continue to conduct feasibility studies to undertake new property development projects.

As at the date of this announcement, the Group has an order book of approximately \$820 million, predominantly in Singapore and Malaysia. The Group expects to remain profitable for FY 2014.

**11. Dividend**

**(a) Whether an interim (final) ordinary dividend has been declared (recommended)**

No.

**(b) (i) Amount per share – Not applicable**

**(ii) Previous corresponding period – Not applicable**

(c) **Whether the dividend is before tax, net of tax or tax exempt. If before tax or net of tax, state the tax rate and the country where the dividend is derived (if the dividend is not taxable in the hands of shareholders, this must be stated)**

Not applicable

(d) **The date the dividend is payable**

Not applicable

(e) **The date on which Registrable Transfers received by the Company (up to 5.00 pm) will be registered before entitlements to the dividend are determined**

Not applicable

**12. If no dividend has been declared/recommended, a statement to that effect.**

No dividend has been declared/recommended for the current financial period.

**13. If the Group has obtained a general mandate from shareholders for Interested Person Transactions "IPTs", the aggregate value of such transactions as required under Rule 920(1)(a)(ii). If no IPT mandate has been obtained, a statement to that effect.**

No IPT mandate has been obtained pursuant to Rule 920(1).

#### **CONFIRMATION BY THE BOARD**

We, Tan Kheng Hwee Andrew and Carrie Luk Kai Lai, being two of the Directors of the Company, do hereby confirm on behalf of the Directors of the Company that, to the best of our knowledge, nothing has come to the attention of the Board of Directors of the Company which may render the financial results for the period ended 31 March 2014 to be false or misleading.

On behalf of the Board of Directors



TAN KHENG HWEE ANDREW  
Executive Director and Chief Executive Officer



CARRIE LUK KA LAI  
Non-Executive Director

Singapore